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Required Report - public distribution

Date: 6/7/2011

GAIN Report Number: MO1107

Morocco

Citrus Semi-annual

2011

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Report Highlights:

Morocco's citrus production for 2010/11 is estimated at 1.7 million MT, about 10 percent higher than production in 2009/2010. Fresh citrus exports in October-May 2010/2011 totaled 511,426 MT, an increase of 8 percent over exports during the same period of the previous year and about 85 percent of the year's export target. Small citrus exports totaled 349,135 MT, up 8 percent, while orange exports totaled 157,231 MT, up 6 percent. Russia overtook the lead as the main destination for Morocco's citrus exports replacing the EU market. Citrus exports to Russia soared to 257,866 MT, of which were 183,403 MT small citrus fruits and 71,822 MT oranges. Citrus exports to the U.S. reached 20,896 MT, about 35 percent higher than exports in 2009/2010. The start of Morocco's citrus exports to the newly opened Chinese market was very humble, with only 60 MT of Clementine and Nova shipped in 2010/11.

Production:

Fresh Citrus Production

According to Ministry of Agriculture's data, total area planted with citrus in Morocco is estimated at 88,800 hectare (HA), of which there are 45, 283 HA of oranges, 39,320 HA of small citrus fruits and 7,140 HA other citrus (lemons, limes and grape fruits). The Souss region (Agadir and Taroudent) accounts for nearly half of Morocco's citrus production, and about 70 percent of its total citrus exports. This region continues to face critical water shortages which impede plans for future expansion of the citrus growing areas. In contrast, the Gharb region in the northern part of Morocco (Kenitra and Sidi Kacem) appears to have high potential for production growth. The expansion of citrus production in the Gharb area, however, has been constrained by aging orchards, limited number of citrus varieties, and lack of new investment. Water scarcity in the Souss region, and the appeal of the export markets encouraged many leading citrus producers to consider the Gharb area as an alternative region to expand citrus production.

Morocco's total citrus production for 2010/11 is estimated at 1.7 million MT, about 10 percent higher than production in 2009/2010. Orange production is estimated at 904,000 MT, up 10 percent, while small citrus fruit production rose 13 percent to 716,000 MT. This increase was mostly due to entry into production of about 2,000 HA of new citrus plantations, mainly in the Haouz and Gharb areas. Higher yields from the relatively new small citrus varieties have contributed to the overall production increase this year. The average yield is estimated at 21 MT/HA, which is about 6 percent higher than the previous year. Morocco's citrus production continues to be dominated by the traditional Clementine, Navels and Maroc-late varieties (78 percent of total production). Some locally developed varieties such as the small citrus fruit Nour and Afourer (11 percent of production) have been very attractive to citrus growers. These varieties have the advantages of being a higher quality and late harvest that extends the season through February and thus increases their availability to the export markets.

The citrus marketing season in Morocco starts in early October with the harvest of early Clementine varieties which runs through March, along with main varieties Maroc Late and Salustiana. Orange harvest starts in November and continues through late June, with Navel and late hybrid varieties that extend the marketing season. Lemons are harvested throughout the entire season, from October until July.

The Moroccan Citrus Producers Association (ASPAM) is currently implementing an ambitious long-term plan to boost Morocco's citrus production by 2018 to 2.9 million MT, 70 percent increase over the current production level. Small citrus varieties are expected to provide the largest share of this increase with total production projected at 1.35 million MT. Oranges production is forecast to reach 1.42 million MT, while lemon production projected at 65,000 MT and other citrus at 60,000 MT. In order to help create employment in the sector, provide consistent supplies and a longer harvest season, ASPAM is aiming at expanding the citrus production period through increased planting of late-maturing varieties such as Nadorcott and Nour.

Processed Citrus Production

The citrus processing sector in Morocco is facing stiff competition in sourcing raw materials in the fresh citrus market. This is mainly due to the low prices offered by orange juice processors compared to prices offered in the fresh market. There are five citrus processing plants currently operating in Morocco, of which three are producers of single strength orange juice that can hardly meet demand from local market buyers. Fresh oranges delivered to juice processors are currently estimated at about 40,000 MT annually.

ASPAM's long-term goal is to have 200,000 MT of fresh citrus allocated annually for juice processing by 2018. This quantity would be the equivalent of about 60 million liters of juice. Morocco's orange juice market is currently estimated at about 50 million liters, of which 20 million comes from processing fresh citrus and the rest is imported juice or from concentrate.

Trade:

Morocco's fresh citrus export season starts about mid-October with Clementine-like varieties. The mid-season varieties such as bloody oranges, Salustiana, and Navel provide a bridge through March/April period, when the Maroc-Late variety takes over until July.

Fresh citrus exports during the October-May of 2010/2011 period totaled 511,426 MT, reaching 85 percent of the export target set by the Moroccan government at the beginning of the export campaign. This was about 8 percent higher than the quantity exported during the same period of 2009/10. The overall increase in Moroccan citrus exports this year is mostly due to good fruit quality, especially in terms of fruit sizes, as well as the beneficial impact of last year's adequate rainfall that resulted in a greater percentage of the citrus harvest being fit for exports. In addition, there has been some improvement in citrus export logistics with the opening of a new shipping line between the port of Agadir (the leading citrus export region) and the port of Saint-Petersburg in Russia, the leading export destination market.

The table below provides a breakdown on Morocco's exports of fresh citrus fruits by varieties for the October-May period in 2009/100 and 2010/11.

Table 1: Morocco's Citrus Exports October – May

Marketing Year	2009/2010	2010/2011	Change
	MT	MT	
TOTAL SMALL CITRUS	322,390	349,135	8%
CLEMENTINES DEVERDIS	158,617	150,944	-5%
NOUR	83,345	79,153	-5%
CLEMENTINE NATURELLE	43,781	63,283	45%
NADORCOTT	23,730	37,929	60%
ORTANQUES NATURELLE	4,867	9,279	91%
NOVA	6,200	6,514	5%
OTHER SMALL CITRUS	1,850	2,033	10%
TOTAL ORANGE	148,513	157,231	6%
MAROC LATE	88,164	82,573	-6%
WASH. SANGUINES	19,734	25,253	28%
SALUSTIANAS	20,025	25,172	26%
NAVELS NATURELLES	10,107	15,585	54%
NAVEL LANE LATE	3,971	3,887	-2%
NAVELS DEVERDIS	5,749	3,805	-34%
OTHER ORANGES	763	956	25%
OTHER CITRUS	4,434	5,060	14%
TOTAL FRESH CITRUS	475,337	511,426	8%

Source : E.A.C.C.E

Small citrus exports during October-May 2010/2011 totaled 349,135 MT, about 8 percent higher than exports in the previous year, and almost 100 percent of the government's export target for the marketing year. No additional small citrus exports are projected for the remainder of the marketing year. Orange exports during October-May 2010/2011 totaled 157,231 MT, up 6 percent compared to the same period of the previous campaign and about 65 percent of the export target. It is projected that total orange exports for the 2010/11 marketing year would not exceed 190,000 Mt. Other citrus exports, mainly lemons, are estimated at 5,060 MT, an increase of 14 percent over the same period in 2009/2010.

Exports of some varieties like Navels Deverdis and Navels Lane Late declined this year due to increased demand for these varieties in the domestic market, where the Moroccan consumers have preference for the sweeter taste that these varieties offer, while European customers prefer more acidic tasting oranges.

Table 2: Small Citrus Export by Destination October- May

Marketing Year	2009/2010	2010/2011	Change
	MT	MT	
Russia	129,913	183,403	41%
Total EU	120,657	93,355	-23%
Netherlands	49,138	29,595	-40%
France	31,291	24,807	-21%
England	24,970	17,755	-29%
Sweden	5,023	7,811	56%
Lithuania	5,314	7,584	43%
Poland	1,484	1,961	32%
Germany	1,804	1,893	5%
Finland	1,077	1,701	58%
Other E.U	556	248	-55%
Canada	47,550	42,587	-10%
U.S.A	15,386	20,876	36%
Saudi Arabia	5,481	6,381	16%
Norway	2,298	1,285	-44%
China	0	60	New Market
Others	1,105	1,188	8%
Total Small Citrus	322,390	349,135	8%

Source : E.A.C.C.E

In 2010/11, Russia overtook the lead from the European Union (EU) as the main destination market for Morocco's citrus exports. Moroccan citrus exports to Russia during October-May 2010/11 soared to 257,866 MT, of which 183,403 MT were small citrus varieties, 71,822 MT oranges, and 2,641 MT lemons. In 2010/11, the Russian market absorbed about 50 percent of Morocco's fresh citrus exports, while the EU market accounted for 34 percent. This is compared to a reverse situation in 2009/10 when EU imported about 40 percent of Morocco's total citrus exports, while Russia imported 37 percent of Morocco's citrus. The rise in Morocco's exports to the Russian market was mostly due to the opening this year of a new direct shipping line between Morocco and Russia, as well as to the difficulties that

Morocco's citrus suppliers have been facing in order to comply with increasingly complex EU import requirements and standards.

Table 3: Oranges Exports by Destination October-May

Marketing Year	2009/2010	2010/2011	Change
	MT	MT	
Russia	60,696	71,822	18%
Total EU	84,104	82,136	-2%
Netherlands	45,145	38,995	-14%
England	15,405	16,347	6%
Sweden	3,908	8,367	114%
France	9,409	8,263	-12%
Germany	3,675	3,309	-10%
Belgium	1,618	2,305	42%
Lithuania	2,050	1,608	-22%
Poland	1,143	1,524	33%
Other E.U	1,751	1,418	-19%
Senegal	1,316	903	-31%
Canada	87	107	23%
U.S.A	40	22	-45%
Others	2,270	2,241	-1%
Total Oranges	148,513	157,231	6%

Source : E.A.C.C.E

Moroccan citrus exports to the U.S. during October-May 2010/2011 totaled 20,896 MT, most of which were Clementine varieties. About 55 percent of these exports were Clementine Deverdis, 31 percent Nour, and 7 percent Nova. The significant increase in Morocco citrus exports to the U.S. market in recent years could be attributed to the implementation of the U.S.-Morocco Free Trade Agreement (FTA) that started in 2006. It is worth noting that Morocco's citrus exports to the U.S. in 2006/2007 were about 7,807 MT, and grew to 15,426 MT in 2009/2010. Some issues, however, such as U.S. consumer preference for larger fruit sizes and export transport logistics remain as constraints for expanding Moroccan citrus exports into the U.S. at a larger scale.

Modest Start for Moroccan Citrus Exports to China

Last year, the Moroccan Ministry of Agriculture reached an agreement with China to approve phytosanitary requirements for Moroccan citrus exports into the Chinese market. The agreement which approved the registration of 87 hectares in 17 citrus production sites became effective in 2010/11. Approved production sites were mostly for Clementine and Moroccan-Late varieties. Although Moroccan agricultural officials had hoped that the agreement would offer an excellent start for Morocco's citrus exports to enter and expand into the huge Chinese market, the actual export level has been very modest compared to expectations. In the 2010/11 marketing season, Morocco exported a total of 60 MT of

Clementine Deverdis and Nova varieties to China. The Moroccan officials, however, remain hopeful that citrus exports to China would certainly increase in the coming years.

Policy:

The Moroccan government continues to support the ambitious ASPAM plan to increase citrus production to 2.9 million MT by 2018, through expanding citrus areas by 20,000 HA and renewing old plantation of 30,000 HA. In 2011, about 20, 000 HA of government-owned best farm land were made available to new agricultural investment projects, including citrus plantation. It is expected that a large part of the newly leased land will be devoted to citrus plantation targeted for the export markets.

The Moroccan government also continues to provide a set of incentive measures to support citrus growers and encourage new investment in citrus production. The Ministry of Agriculture decree (# 2-09-601) issued in October 2009 increased the support payments for new citrus plantations to 12,000 MDH per hectare (\$1,550 HA), up from 7,800 MDH per hectare in the past two years. In addition, there are other incentives that are not crop specific such as digging wells and purchasing of irrigation equipment that are available to citrus growers to establish new citrus orchards.

Citrus Production, Supply and Demand Data Statistics:

Production Supply and Distribution in Morocco (1000 MT)

Tangerines/Mandarins, Fresh Morocco	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted (HECTARES)	37,500	37,500	37,500	37,500	37,500	37,500	33,600	33,600	39,320
Area Harvested (HECTARES)	36,000	36,000	36,000	36,500	36,500	36,500	31,500	31,500	31,323
Bearing Trees (1000 TREES)	16,200	16,200	16,200	16,500	16,500	16,500	13,926	13,926	17,300
Non-Bearing Trees (1000 TREES)	675	675	675	700	700	700	928	928	3,500
Total No. Of Trees (1000 TREES)	16,875	16,875	16,875	17,200	17,200	17,200	14,854	14,854	20,800
Production (1000 MT)	532	532	532	635	635	635	715	716	716
Imports (1000 MT)	0	0	0	0	0	0	0	0	0
Total Supply(1000 MT)	532	532	532	635	635	635	715	716	716
Exports (1000 MT)	332	332	332	323	323	323	350	351	350
Fresh Dom. Consumption (1000MT)	200	200	200	312	312	312	365	365	366
For Processing	0	0	0	0	0	0	0	0	0
Total Distribution (1000 MT)	532	532	532	635	635	635	715	716	716

Oranges, Fresh Morocco	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted (HECTARES)	45,000	45,000	45,000	45,700	45,700	45,700	46,000	46,000	45,283
Area Harvested (HECTARES)	42,000	42,000	42,000	41,000	41,000	4,100	42,000	42,000	42,416
Bearing Trees(1000 TREES)	14,700	14,700	14,700	15,000	15,000	15,000	15,200	15,200	14,950
Non-Bearing Trees (1000 TREES)	1,050	1,050	1,050	1,100	1,100	1,100	1,100	1,100	955
Total No. Of Trees (1000 TREES)	15,750	15,750	15,750	16,100	16,100	16,100	16,300	16,300	15,905
Production (1000 MT)	790	790	790	823	823	823	905	904	904
Imports (1000 MT)	0	0	0	0	0	0	0	0	0
Total Supply (1000 MT)	790	790	790	823	823	823	905	904	904
Exports (1000 MT)	305	305	305	161	161	161	240	242	190
Fresh Dom. Consumption (1000 MT)	453	453	453	627	627	627	628	627	674
For Processing (1000 MT)	32	32	32	35	35	35	37	35	40
Total Distribution (1000 MT)	790	790	790	823	823	823	905	904	904

Lemons/Limes, Fresh Morocco	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Planted (HECTARES)	3,100	3,100	3,100	3,200	3,200	3,200	3,200	3,200	4,197
Area Harvested (HECTARES)	3,000	3,000	3,000	3,100	3,100	3,100	3,100	3,100	3,570
Bearing Trees (1000 TREES)	981	981	981	1,013	1,013	1,013	1,013	1,013	1,420
Non-Bearing Trees (1000 TREES)	33	33	33	33	33	33	33	33	255
Total No. Of Trees (1000 TREES)	1,014	1,014	1,014	1,046	1,046	1,046	1,046	1,046	1,675
Production (1000 MT)	45	45	45	46	46	46	46	46	50
Imports (1000 MT)	0	0	0	0	0	0	0	0	0
Total Supply (1000 MT)	45	45	45	46	46	46	46	46	50
Exports (1000 MT)	0	0	0	6	6	6	4	4	7
Fresh Dom. Consumption (1000 MT)	45	45	45	40	40	40	42	42	43
For Processing (1000 MT)	0	0	0	0	0	0	0	0	0
Total Distribution (1000 MT)	45	45	45	46	46	46	46	46	50

Orange Juice Morocco	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			Market Year Begin: Oct 2010		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Deliv. To Processors (MT)	32,000	32,000	32,000	35,000	35,000	35,000	37,000	37,000	40,000
Beginning Stocks (MT)	0	0	0	0	0	0	0	0	0
Production (MT)	3,200	3,200	3,200	3,500	3,500	3,500	3,700	3,700	4,000
Imports (MT)	1,400	1,400	1,400	1,200	1,200	1,200	1,300	1,300	1,300
Total Supply (MT)	4,600	4,600	4,600	4,700	4,700	4,700	5,000	5,000	5,300
Exports (MT)	1,800	1,800	1,800	1,900	1,900	1,900	2,000	2,000	2,100
Domestic Consumption (MT)	2,800	2,800	2,800	2,800	2,800	2,800	3,000	3,000	3,200
Ending Stocks (MT)	0	0	0	0	0	0	0	0	0
Total Distribution (MT)	4,600	4,600	4,600	4,700	4,700	4,700	5,000	5,000	5,300